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ABSTRACT

A study of policies governing state aid for education in four states over a 10-year period provided evidence that finance reform can lead to increased inequality in aid distribution. Two of the states studied, New Jersey and Maine, undertook major reform efforts in the 1970's, whereas the other two, New York and Rhode Island, did not. The study used two measures of the magnitude of aid--its proportional relation to all state expenditures and to personal income--and two measures of the distribution of aid--inequalities among districts in aid received either per pupil or without regard to pupil population. The study found that reform always led to higher levels of state school funding by every measure. No systematic relationships were found between magnitude and distribution. Nonreform states moved toward equal distribution during the decade, whereas reform states moved away. Change in nonreform states appears lasting and also more predictable than in reform states. It is suggested that legislators cycle between concern for constituency needs and interest in reform, creating a pattern of reform and reaction. Further research into finance policy during nonreform years is needed to understand this pattern fully. Footnotes are included. (PGD)

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The Relationships Among Reform, the Variance of the Distribution and the Magnitude of State Aid

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The Relationships Among Reform, the Variance of the Distribution and the Magnitude of State Aid

The phrase "School Finance Reform" admits to many definitions. But it always entails increases in the magnitude of money spent and shifts in the distribution of funds across schools and pupil groups. In the most general case, nearly every school, district or pupil group spends more than they did prior to "reform". But sone of the groups spend much more and some only a little more. The position of spending units change vis-a-vis one another.

"Reaction" receives far less attention among most educators and is rarely covered by the press. But the phenomenon is well known to school finance specialists.[1] Reaction in this context can be defined as a trend toward a prior state of affairs, before reform took place. Sometimes designated by colorful metaphores such as "Thermidor" or "atrophy", reaction connotes relative decreases in the amount of money spent for public education, more emphasis on local revenues as opposed to state revenue, greater inequity in expenditure among pupils and school districts and, frequently, unfairness to taxpayers. Reaction in all of these manifestations is by no means inevitable. But the phenomenon is repeated in many states.[2]

The present study, deals with reform and reaction in the context of state judicial pressures. The two reform states studied were New Jersey and Maine; the non-reform states were Rhode Island and New York. All states are unique. For this reason it is most appropriate to view these as four independent case studies. Nevertheless, comparison of the two reform with two non-reform states do suggest some level of understanding of the broader effects reform may have had in certain other parts of the nation.

Table 1

Years Included in the Study

	Year									
	71-72	72-73	73-74	74-75	75-76	76-77	77-78	78-79	79-80	80-81
Reform										
Maine	0		0	X	0		0			0
New Jersey	0		0		0	X	0		0	0
Non-Reform										
Rhode Island	0		0		0		0			0
New York	0		0		0		0		0	0

Note. X = reform year (i.e. the year that major legislative modifications were used to distribute aid)
0 = years for which data were collected

Insert Table 1 about here

The time period for this study was the decade of the 70's, one in which a spate of judicial decisions stimulated an unprecedented level of popular and academic interest in school finance reform. These famous decisions concentrated on questions of distributional equity -- fairness to pupils and taxpayers in the relative sums of money spent. Significantly, the absolute size of educational expenditure was not a major factor in most of these judicial decisions.[3] Yet school finance specialists generally forsaw additional spending as a necessary condition to reform.

Partly as a result of court mandates, or in an effort to head them off, about twenty states reformed their school finance structures between 1971 and 1977. Other states did not undergo substantial reforms.

This study deals solely with state fiscal behavior. Its design is longitudinal, covering a ten year period. Several considerations motivated these decisions. First, the reaction phenomenon was well documented in prior literature.[4] But reaction is generally thought to be a product of local tax and spending decisions. According to the conventional view states distribute substantially unequal amounts of aid to their local districts in a benign pattern to compensate for local variations in wealth, tax effort and educational need. The most deserving school districts get the most money. The wealthy LEA's, gradually and over time, reassert their fiscal preeminence by taking and spending more than poorer localities. Reform fails primarily because of local decisions and conditions.

The role of state aid itself has been studied less often, and perhaps for good reason since it is only part of the total picture. There is some theory to support the view that state legislatures act to undo the reforms they made only a few years earlier. Riker's (1962) models of successful political coalitions suggest that, in some cases, there is a tendency toward "one dollar per one voter": a Flat Grant. Using this theory legislators cannot always be counted on to appropriate willingly vastly unequal sums of aid to their constituents, as school finance reform reqires.[5] Yet in the 1970's Court pressures had attempted to require that politically distasteful alternative. This study set out to study the effects of judicial activism by comparing states where courts took initiative with other states in which the courts were less active or inactive.

Research Design

Reform is conceptualized here as having two components: (1) a change in the amount of non-federal money allocated by the state to LEA's in the aggregate and (2) a change in the distribution of that money across different LEA's in the state. Distributional changes are labeled here as changes in "variance";[6] changes in amount are labeled "magnitude." To make these conceptions operational, magnitude and distributional change were each defined in two ways.

Allocation change (magnitude)

(a) state aid to public elementary-secondary education as a proportion of all state government expenditures (M1)

(b) state aid to public elementary-secondary schools as a proportion of personal income in the state (M2)

Distribution change (variance)

(a) the amount of dispersion or inequality that exists in the distribution of state aid among school districts based on their pupil populations, (V1)

(b) the amount of dispersion or inequality that exists in the distribution of state aid among school districts, without regard to their population size (V2)

The magnitude measures attempt to take into account the fact that the 1970's was a time of high inflation, state education aid is compared to two related money aggregates which also could be expected to grow rapidly in dollar terms during an inflationary time period.

The matter of equality in fund distribution is one of continuing interest to school finance specialists and presumably to some policy-makers. A persistent problem, however, is that equity and equality are not the same thing. Almost no one believes that per pupil spending should be exactly equal across all districts.[7] Per pupil spending should vary among districts depending upon characteristics such as location, size, cost of living, tax effort, and special pupil populations. Some districts should spend more than others per pupil in light of these differences.

The present study does not directly deal with the issue of desired local spending differences. It deals solely with state aid. The assumption is that if reform is successful, state monies necessarily must be distributed more unequally than they were before reform. This standard allows more state monies to be targeted to high need school districts, which already may be high spending, or to low spending school districts which may be deserving on financial grounds.

The gini coefficient and the coefficient of variation are two widely used measures of distributional inequality.[8] In school finance research they typically are used to measure spending inequalities at the local level rather than state aid inequalities. This study conceptualizes a movement toward state aid inequality as the appropriate measure of the potency of reform. V1

is measured by the Gini coefficient; V2 is measured by the coefficient of variation.

The gini coefficient determines what proportion(s) of pupils receive what proportion(s) of the state aid. According to this line of reasoning a larger proportion of state aid must go to a smaller proportion of pupils in order to overcome differences in local need or wealth. As a result of reform inequality in state aid as measured by the size of the Gini coefficient would grow. The coefficient of variation takes into account the simple variance of a distribution relative to the value of the mean. For this statistic the district is the unit of analysis. It was conceptualized that reform might result in a more unequal distribution of dollars across LEA's, even if nearly every district got somewhat more funding in order to compensate for inflation.

This study used data for all school districts in the four states during the time periods designated in table I. There were seven research questions.

1. Does reform lead to greater inequality in the distribution of state aid?
2. Does reform lead to greater funding for education?
3. Are there systematic relationships between variance and magnitude within each state?
4. During the decade did variance in the non-reform states change less substantially than in the reform states?
5. During the decade did magnitude in the non-reform states change less substantially than in the reform states?
6. Did the reform states exhibit lasting changes in variance and magnitude over the period studied?
7. Did non-reform states exhibit lasting changes in variance and magnitude over the period studied?

Since every state and every decade is in some respects unique, since the statistics employed in this study are descriptive ones, and since all districts within each state were analyzed, tests of statistical significance were not used. Findings must be limited to the 1970s and to these four states.

Results

This section of the paper will begin by examining the two measures of variance and the two measures of magnitude for each of the states. Then comparisons will be made among the states in an attempt to answer more generally the seven research questions above.

Rhode Island

Rhode Island is one of the two states in the study which did not have a major reform of its school finances during the last decade. It is a small state, having only 40 districts.

The Gini coefficient, V1, fluctuated throughout the ten year period studied showing modest increases in some years and decreases in others. Over the decade as a whole the gini declined 7.5%. Therefore differences among

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Insert Table 2 about here

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students in the amount of aid declined. The coefficient of variation declined continuously throughout the decade. Districts too received more nearly equal amounts of aid as time passed as measured by the coefficient of variation, V2.

Reading the variance data in table 2 and subsequent tables, keep in mind that increases in the coefficients indicate a trend toward greater inequality in the amount of state aid distributed to pupils and to school districts.

Table 2

Summary of Rhode Island Data

	Variables							
Year	Gini Coefficient (V1)	Percent Change	Coefficient of Variation (V2)	Percent Change	State Aid as a % of Govt. Exp (M1)	% Chg.	State Aid as a % of Personal Income(M2)	% Chg.
1971-72	.124718		.340916		10.5595		1.3631	
1973-74	.145333	16.5	.315452	-7.5	10.8307	2.6	1.4252	4.6
1975-76	.119715	-17.6	.290309	-8.0	8.7624	-19.1	1.5871	11.4
1977-78	.125836	5.1	.286664	-1.3	8.9977	2.7	1.3747	-13.4
1980-81	.115423	-8.3	.260887	-9.0	9.0325	.4	1.3615	-1.0

[a]Rhode Island Department of Education, State Statistical Tables.

[b]Bureau of the Census, State Government Finances.

[c]U.S. Department of Commerce, Survey of Current Business.

Decreases in the numbers mean greater equality in the aid distribution. Greater inequality in state aid is necessary to overcome differences among districts in their wealth and needs. One would therefore expect larger numbers to be associated with school finance reform and declines to be associated with the absence of reform.

Interpreting this data, the Rhode Island aid system became more nearly like a flat grant with the passage of time. Students and school districts got more nearly equal funds from the state regardless of differences among them in need and local wealth.

The two measures of expenditure size, here called magnitude, also fluctuated over the time period as shown in table 2. However over the decade as a whole State education aid as a percentage of all State of Rhode Island expenditures, M1, declined 14.5%. State elementary-secondary education aid as a percentage of personal income (M2) declined very slightly. Rhose Island was, of course, spending many more dollars for education in 1981 than in 1971. State aid for public schooling was taking a smaller share of the state's budget in the later year and a smaller share of the income of the populace. Government cost grew rapidly in Rhode Island during the decade, but non-educational costs made up the largest share of the increase.

Maine

Maine is one of the two reform states in the study. Although it did not have a history of school finance litigation, LD 1994, the state legislature passed a major reform law, shortly after the Serrano decision in California. LD 1944 called for a statewide uniform tax rate, a minimal amount of local tax leeway, and a redistribution to the state and ultimately to poorer

school districts a portion of the "excess" revenues generated by high valuation districts. This last provision, called "recapture" "power equalizing", is unusual. Only about four states have ever used it, and Maine did away with this aspect of the law shortly after it was enacted.

Like Rhode Island, Maine is a New England state. But it has a much more dispersed population and a much larger number of school districts (c. 280). For these reasons the absolute size of the local fiscal inequalities is greater in Maine than in Rhode Island.

What concerns us here, however, is not so much the absolute size of local inequalities but the trends across time.

Insert Table 3 about here

The value of the V1 increased 78.2% between 1971-2 and 1975-6. However, it declined rapidly after that year until, by 1980-81 it was 20.5% less than it was in 1971-72 (See table 3). Changes in V2 were even more substantial and more lasting. But beyond this generality the numbers are difficult to interpret due to the recapture provision in the Maine law.

During the 1975-78 period aid to districts was distributed very unequally, since some districts supposedly were paying money into the state treasury during a portion of that time. (This accounts for the unusually large V2 statistic in 1977-78) Aid to districts remained very unequal in 1980-81. The recapture provision had been abolished by then. There were, however, still a substantial number of districts which received no aid even though they did not pay in.[9]

Table 3

Summary of Maine Data

	Variables							
Year	Gini Coefficient (V1)	Percent Change	Coefficient of Variation (V2)	Percent Change	State Aid as a % of Govt. Exp (M1)	% Chg.	State Aid as a % of Personal Income (M2)	% Chg.
1971-72	.261684		.624399		9.4383		1.4493	
1973-74	.277332	6.0	.615026	-1.5	9.9179	5.1	1.3605	-6.1
1975-76	.466293	68.2	7.758131	1161	11.8740	19.7	2.4226	78.1
1977-78	.265006	-43.2	13.138685	69.4	12.6622	6.6	2.0619	-14.9
1980-81	.208152	-21.5	6.727763	-48.8	12.8954	1.8	1.8944	-8.1

Note. % Chg. = percent change

[a]Maine Department of Educational and Cultural Services, Maine School Statistics.

[b]Bureau of the Census, State Government Finances.

[c]U.S. Department of Commerce, Survey of Current Business.

The effects of reform on the magnitude of school aid in Maine are much clearer (See table 3). During the decade M1 grew by 37%, M2 grew by 30.7%. The greatest gains came in the 1975-78 time period. Just at the time more state school funds were made available those funds were being distributed more unequally.

On the basis of these data it is safe to conclude that reform in Maine had it greatest effects very shortly after LD 1944 was enacted. The law led to a major shift in the distribution of aid among pupils between 1973-4 and 1975-6 and a major shift in distribution of aid among districts from 1973-4 to 1977-8. By the end of the decade substantial reaction had set in. Whether the distribution of aid was more unequal in the later year is dependent upon the choice of statistic - Gini or CV and the unit of analysis, pupil or school district. Probably the most lasting effects were in the small poor rural districts without many pupils. They very probably had enjoyed a lasting relative increase in the amount of aid at their disposal.

New York

During the 1970s New York was a state awaiting a court decision on school finance reform. The decision did not come until the 1980's; hence, New York was (and remains) a non-reform state. New York has about 740 school districts.

Perhaps it is not surprising that a state with an impending court decision should do little to change the distribution of its school aid. Movements to address the issue in advance of the decision are politically difficult; they might result in the courts' asking for even more. (Maine was able to initiate action partly because it had a surplus in its treasury and because

reform pressures had been mounting there even before Serrano.) Movements away from equity - that is, toward greater equality in the distribution of state aid - might incur the court's wrath. It might render a more drastic judgment as a result.

In any event, as measured by this study New York's distribution system stood rather still during the decade. (See table 4) The state distributed

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Insert Table 4 about here

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aid about as unevenly in 1981 as in 1971. And this generalization holds true for both pupils and school districts, ignoring year-to-year fluctuations.

The magnitude data, however, reflects a clear trend toward less state effort for education. Both M1 and M2 declined over the decade. New York, a very high effort state in 1970, was apparently receding back toward the national norm in this respect. Non-reform states are simply less interesting to school finance researchers. And New York in the 1970's certainly supports this generality.

New Jersey

New Jersey is one of the two reform states in the study. During the 1972-3 time period, the state's high courts held that the existing state aid system violated the state constitution. The court gave the state until 1975 to devise a new aid system. Late in 1975, after schools had been closed by the courts, that the legislature did act to pass another reform package.[10] New Jersey is an example of a state where the reform process lasted throughout at least two legislative sessions.

Table 4

Summary of New York Data

Year	Variables							
	Gini Coefficient (V1)	Percent Change	Coefficient of Variation (V2)	Percent Change	State Aid as a % of Govt. Exp (M1)	% Chg.	State Aid as a % of Personal Income(M2)	% Chg.
1971-72	.129005		.302746		17.5006		2.4709	
1973-74	.118987	-7.7	.274339	-9.4	16.5652	-5.4	2.2950	-7.1
1975-76	.125961	5.9	.303385	10.6	14.6043	-11.8	2.4195	5.4
1977-78	.119545	-5.1	.290633	-4.2	14.6879	.6	2.1530	-11.0
1979-80	.116356	-2.7	.286601	-1.4	14.4228	-1.8	1.9942	-7.4
1980-81	.126144	8.4	.300504	4.8	14.2474	-1.2	1.9691	-1.3

Note. % Chg. = percent change

[a]New York State Education Department, Annual Educational Summary.

[b]Bureau of the Census, State Government Finances.

[c]U.S. Department of Commerce, Survey of Current Business.

Insert Table 5 about here

With nearly six hundred school districts in the state, one might expect that the absolute size of the aid differences necessarily would be large in New Jersey. And they are. New Jersey must compensate for by distributing more money more unequally if reform is to be effective.

Table 5 contains the New Jersey data. The Gini coefficient increased 47.8% for the decade as a whole while the coefficient of variation increased by 42.7%. And the most substantial change in V1 also took place in the first part of the decade. New Jersey's fund distribution moved toward equality of aid to districts and away from equality of aid to students.

A clue as to why V2 does not show the major changes in later years may be found by examining the average aid per pupil on a pupil and district basis (not shown here). During the decade there was roughly a doubling in state aid. And this doubling is important because it is the basis for the denominator in calculating the coefficient of variation. Only in 1971-72 was the district mean larger than the pupil man. The V2 for 1971-72 was the largest value calculated for the decade. That the pupil mean was larger than the district mean in other years together with the fact that the Gini showed substantial increases while V2 showed more modest changes suggests that large districts tended to receive more money than small districts. This, of course, is entirely consonant with the decision in Robinson v. Cahill, the basis for reform. That decision emphasized local disparites based on pupil needs, not rural/urban fiscal distinctions. In New Jersey the highest concentrations of needy pupils are in the larger urban districts.

Table 5

Summary of New Jersey Data

	Variables							
Year	Gini Coefficient (V1)	Percent Change	Coefficient of Variation (V2)	Percent Change	State Aid as a % of Govt. Exp (M1)	% Chg.	State Aid as a % of Personal Income(M2)	% Chg.
1971-72	.253538		1.41570		9.5619		.8862	
1973-74	.335560	32.4	.72333	-48.9	10.1603	6.3	.9740	9.9
1975-76	.443044	32.0	.89414	23.6	9.9254	-2.3	1.1813	21.3
1977-78	.370930	-16.3	.84088	-5.9	13.1871	32.9	1.4231	20.5
1979-80	.401438	8.3	.99015	17.8	12.4494	-5.6	1.3166	-7.5
1980-81	.374603	-6.7	.81176	-18.0	11.1166	-10.7	1.2727	-3.3

[a]New Jersey Department of Education, Annual Financial Report.

[b]Bureau of the Census, State Government Finances.

[c]U.S. Department of Commerce, Survey of Current Business.

Both magnitude measures showed substantial increases over the decade. M1 grew by 16.3%; M2 grew by 43.6%; New Jersians were devoting substantially more of their personal incomes to state education aid and legislators were making schools a higher priority in public budgets. These trends were however beginning to reverse themselves toward the end of the decade as reaction set in.

Inter-state Comparisons

This section addresses directly the seven research questions of the study. Table 6 displays the principal findings related to the research questions.

Insert Table 6

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1. Reform did lead to greater inequality in the distribution of state school aid by some measures, but not by others. New Jersey's reform was directed more at students in urban districts with great educational needs. Maine's reform seems to have been directed more at the fiscal needs of property poor rural districts.

2. Reform did lead to higher levels of state school funding by every measure. Reform seems to require additional money. And while this is by no means a novel observation, it is the most unambiguous finding. Reform -- whatever else it entails -- always means more state aid to the public schools.

3. There are no systematic relationships between variance and magnitude across different years and across different states. About the most that can be said is that major aid increases are likely to be associated with one or more different measures of increased variance. The answer to research question two suggested that you don't get more variance without increasing the magnitude of aid. Likewise, research question three at least suggests

Table 6

Change Directions in Variance and Magnitude between 1971-72 and 1980-81

State	Measures			
	V1	V2	M1	M2
Non-Reform				
Rhode Island	Down (8)	Down (24)	Down (15)	Down (1)
New York	Down (2)	Down (1)	Down (19)	Down (20)
Reform				
Maine	Down (21)	Up (978)	Up (37)	Up (31)
New Jersey	Up (48)	Down (43)	Up (16)	Up (44)

Note. Number in parentheses represent approximate percent change between 1971-72 and 1980-81.

that you usually don't get more aid if you insist upon distributing it just as aid is presently distributed.

4. Gradually throughout the decade non-reform states moved in the direction of a of flat grant, equal dollars to both pupils and school districts. Reform states moved away from a flat grant in at least some dimension of their aid system. But even they seemed to be trending back toward a flat grant as the decade came to a close.

5. School finance reform seems to definitely stimulate education spending relative to what it would have been if reform had not occurred. This observation of the relative impact of reform extends the finding of research question #2. Not only is reform an important absolute stimulant to school aid, it is important on a relative basis as well.

6. Nearly every measure of reform suggests that marked changes takes place over a period of no more than two consecutive legislative sessions. Then a reaction sets in. Changes do last to some extent over time, but not at the same high level at which they were implemented.

7. Non-reform states too demonstrate lasting change and perhaps in a more regular and predictable direction than the reform states. Variance and magnitude both decrease. School aid becomes more inadequate presumably setting the stage for non-reform states to become reform states at some point in the future.

School finance reform did make a difference in the 1970s. And this finding becomes even more clear when reform states are compared to non-reform states. But many of the most lasting differences were not those that would have been expected in light of the most closely related judicial

decisions. Those decisions would seem to have called for greater concentrations of state aid to targeted LEA's. But in reformed" states, state aid plans become more differentiated by some measures and less differentiated by others. That picture is mixed. The rhetoric of reform, did not often emphasize the absolute amounts to be spent. Yet the reality of Reform had its most consistent effects on the magnitude of school revenues. Amounts of state aid increased by every measure; (including some measures not discussed in this paper) while amounts of state aid declined in non-reform states.

These findings on state aid roughly parallel the findings of other research on changes in per pupil expenditure disparities, the prime concern of Serano-type court decisions. For example Berne and Stiefel conclude that when reform states are examined more closely, some show improvement but that many do not.[11] Augenblick and McGuire find that Equity goals of states vary, and assessments are dependent upon the goals of each particular policy-maker.[12] Taken together these findings confirm the oft-repeated observation that policy outcomes are often different from policy intentions.[13] In this context legislative outcomes hardly can be said to reflect judicial intentions.

Conclusions

Prior research has shown that 1970's school finance reform has had very inconsistent distributional effects on per pupil spending. This research offers an explanation as to why this should have been the case. State aid, the main instrument for achieving reform, is itself distributionally inconsistent. State aid policies, with their diverse and conflicting aims, produce no clear results.

To address questions of state aid specifically, this study applied little used measurement approaches. To understand the nature and extent of reform it directs attention at the inequality of the state aid distribution rather than the equality of per pupil spending. This technique is recommended for others to consider because it avoids difficult assumptions about the desirability of per pupil spending equality across all districts, and focuses on those choices which, for legislatures, may be politically most difficult: voting more funds to someone else's district.

Focusing attention on the inequality of state aid also has its drawbacks, however. Methodologically it is probably inappropriate for states with a very small local component in their school spending systems. As state aid approaches 100% of costs, one might reasonably expect that the fund distribution would become more equal rather than less. At full state funding the variance measures might be quite low and the system as a whole still quite equitable. One can only say with some certainty that the smaller the proportion of state aid in total spending the more unequally it must be distributed in order to address the equity problem. Secondly, state aid is of course only part of the fiscal picture. Local differences need to be considered before making definitive decisions about the state aid system. If over time in a particular state LEA's were becoming more alike on the dimensions of wealth, effort and need, then state aid could more nearly resemble a flat grant without violating equity concepts.

Another drawback is more distinctly political. When one is doing action research for state government agencies or school finance reform commissions, it may not be wise to focus on the degree of grant-in-aid inequality which state legislators subsequently are asked to endorse. The technique would seem

to be more appropriate for basic research, doctoral study, or more purely academic inquiry.

Nevertheless, approaches used in the study have numerous implications for political and social policy. Theoretically, it suggests that there are two forces driving school spending decisions at the state level. One alternative is for each legislator to "bring home the bacon" to his or her own local constituency. The second is for each politician to address the clear problems of unequal treatment inherent in local finance. Only by substantial increases in state aid can legislatures achieve both aims simultaneously. But this is expensive and hence is a viable option only once in a while--in the reform year. Legislative fiscal behavior necessarily then is characterized by short bursts of activity in the direction of equalization and then slow reaction towards the more natural objective of serving one's own districts. One may call this phenomenon by the variety of colorful metaphores mentioned at the beginning of this paper. The cycle seems fundamental to understanding school finance processes.

If the cyclical concept is to be taken seriously, then we should reconsider the role of state government in school finance generally. States are not always a progressive influence. They may not be extending and promoting equal educational opportunities at every session of the legislature. States can slip backwards, and, apparently spend fairly long periods doing so. Many would argue that recent federal policies have produced a similar result; therefore, one may, at certain time periods look more favorably upon the local role in school spending. One view, popularized by Paul Mort many decades ago, was that localities are the most progressive force in education. And one could envision a situation where this would again be true in some states, and from time to time. Data from this study could be taken to bolster the case for a local role in school finance.

But much more directly, the data from this study support the importance of continuous attention to the state's aid formula. States are never passive actors on the scene, they are consistently moving either forward or backward. The occasional spotlight thrown on the finance issue by state school finance study commissions may not bring progress as consistently as it should. In the past these commissions have been relied on as a principal vehicle for changing school finance policy. But perhaps other political action models are indicated.

In this connection it will be interesting to see how those states which have moved to substantially full state funding will approach finance in the 1980's.[14] The traditional issue of inequitable distribution due to local wealth is one they no longer have at their disposal. They will be looking for new rationales for school finance reform in an effort to increase the magnitude of school spending. Securing additional state aid actually may be the easiest and most general result of reform. Securing lasting redistribution of the money from wealthy to poor areas may be much the hardest part in many states of the union. The two reform states in this study suggest this conclusion. And the writer's impression of other states is that inequalities tend to persist across districts across long periods of time. The same districts are advantaged; and the same ones are disadvantaged, generally speaking.

Another conclusion of the study is that the courts did inspire major reform. Differences in the two groups of states are strong enough to overcome inter-state differences in their economies and their pupil enrollment declines, and other factors. And reform entailed devoting greater relative shares of wealth to schools. State political systems may have used taxpayers' money to "buy time" from the states judicial systems. And this new money may

have placated judicial opinion, on the distribution question, at least temporarily. Even if the distribution of money was not entirely equitable, the problem could be masked by greater levels of aid and higher per pupil spending overall.

If reform is periodic and involves greater magnitudes of state school aid, then reform in the 1980's may be easier in the non-reform states of the 1970's. Unless the courts intervene--and this is a major caveat--1970's reform states may find that they "received" their 1980's aid allocations during the middle 1970's. It may take time for the amount of state aid as measured by M1 and M2 to slip back to the politically tenable base line proportions. On economic grounds as well as educational ones, it might pay reformers to concentrate their efforts on states like New York and Rhode Island, ones that were relatively lack luster performers during the previous decade and which now have the money for reform. New York and Rhode Island have been "reformed" in past decades, and one may safely predict that their time will come again.

If the authors offered one major limitation in their own work it would be that it is lacking in descriptive detail. Precisely what do states (and localities) do, from legislative session to legislative session, to move their aid systems in the direction of a flat grant? Do wealthy LEA's take advantage of special provisions in the aid law? Do small disequalizing categorical grants get added in "non-reform" years? Do pro-rations and other mechanisms for limiting the state's pay out cause the problem? Undoubtedly the answers to these questions will be different in every state. But such detail is needed. In summary we need to study finance policy in non-reform years with the same degree of care and attention we give those policies in the reform years. Reform captures our interest; non-reform

seems a slog through mud. But with a more complete set of information about the non-reform years, we may truly be able to devise a grounded theory of state fiscal behavior.

Footnotes

1. G. A. Hickrod, B. Claudri, and B. C. Hubbard, Reformation and Counter Reformation: Illinois School Finance 1973-1981 (Normal, Il: Center for the Study of Educational Finance Department of Educational Administration and Foundations, Illinois State University, 1981).

2. S. J. Carroll, The Search for Equity in School Finance: Summary and Conclusions (Santa Monica, CA: Rand Corp. 1979).

3. N. Thomas, "Equalizing Educational Oppontunities through School Finance Reform: A Reassessment." University of Connecticut Law Review 48, (1979): 27-50.

4. M. E. Goertz and G. A. Hickrod, Eds. Journal of Education Finance 8 (Spring 1983); 9 (Summer, 1983).

5. W. Riker, The Theory of Political Coalitions (New Haven, CT: Yale University Press, 1962).

6. The word "variance" is used in a literary and not in a statistical sense. The statistic variance was computed for these data but is a poor reflection of significant change in state and because of the inflation that occurred during the 1970s.

7. See for example R. Berne, "The Equity of School Finance Systems Over Time: The Value Judgments Inherent in Evaluation." Educational Administration Quarterly 15 (Spring 1979): 14-34, W. Garms, Measuring Equity in School Finance Systems (ERIC Document Reproduction Service No. ED175 160, 1978).

8. W. J. Fowler and R. E. Frier, "The Effect of School Finance Reform in Pennsylvania, 1976-80" (unpublished paper presented at the American Educational Research Association, Los Angeles, 1981; G. A. Hickrod, Definition, Measurement and Application of the Concepts of Equalization in School Finance (ERIC Document Reproduction Service No. ED 060 544, 1972).

9. Department of Educational and Cultural Services, Maine School Statistics (Augusta, ME: 1979).

10. Richard Lhene, The Quest for Justice: The Politics of School Finance Reform (New York: David B. McKay, 1978).

11. R. Berne and L. Stiefel, "Changes in School Finance Equity: A National Perspective," Journal of Education Finance 8 (Spring 1983): 419-35.

12. J. Augenblick and C. K. McGuire, "Changes in the Equity of School Finance Systems in Oklahoma, Delaware and Alaska," Journal of Education Finance (Spring 1983): 436-448.

13. F. M. Wirt and M. W. Kirst, Political and Social Foundations of Education. (Berkeley: McCutchan Publishing, 1975): 17.

14. In this connection it is interesting to note the Canadian experience. The maritime provinces in eastern Canada with full state funding have experienced equitable but not sufficient funding as measured by a national price index. Nova Scotia which combines provincial and local funding, had a more adequate level of funding than its Atlantic Canadian neighbors. Philip Kake, "Expenditure Equity in the Public Schools of Atlantic Canada." Journal of Education Finance 8 (Spring 1983): 459-560.